

Honolulu, Hawaii

MAR 24 , 2026

RE: S.B. No. 2816
S.D. 1
H.D. 1

Honorable Nadine K. Nakamura
Speaker, House of Representatives
Thirty-Third State Legislature
Regular Session of 2026
State of Hawaii

Madame:

Your Committee on Economic Development & Technology, to which was referred S.B. No. 2816, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO STATE ENTERPRISE ZONES,"

begs leave to report as follows:

The purpose of this measure is to:

- (1) Expand the definition of "eligible business activity" for the purposes of the Enterprise Zones Program to include certain research and development activities and information technology design and production services;
- (2) Authorize the Department of Business, Economic Development, and Tourism to declare up to two census tracts in the State that contain an innovation enterprise to be designated as an enterprise zone, subject to the Governor's approval; and
- (3) Require the Department of Business, Economic Development, and Tourism to conduct an in-house comprehensive review, in consultation with the Department of Taxation, of the State Enterprise Zones Program and report to the Legislature.



Your Committee received testimony in support of this measure from the Department of Business, Economic Development, and Tourism; Business Development Support Division of the Department of Business, Economic Development, and Tourism; Hawai'i Community Development Authority; Pacific Rim Land, Inc.; Hawaii Food Industry Association; Hawaii Medical Association; Chamber of Commerce Hawaii; Maui Chamber of Commerce; and one individual. Your Committee received comments on this measure from the Department of Taxation and Tax Foundation of Hawaii.

Your Committee finds that the Enterprise Zones Program provides qualified businesses with certain state tax credit and tax waiver benefits as well as incentives provided by the counties. Your Committee further finds that the State should be utilizing this program to promote economic diversification, particularly the expansion of emerging industries such as medical and healthcare services, aerospace technology, and information technology. This measure expands eligibility of the Enterprise Zones Program to business activities in these industries and authorizes the designation of two census tracts to be designated as enterprise zones.

Your Committee has amended this measure by:

- (1) Changing the effective date to July 1, 3000, to encourage further discussion; and
- (2) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Economic Development & Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2816, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2816, S.D. 1, H.D. 1, and be referred to your Committee on Finance.



Respectfully submitted on
behalf of the members of the
Committee on Economic
Development & Technology,



CREGGOR ILAGAN, Chair



